STATE OF CALIFORNIA   STEVE WESTLY,
                                                                 California State Controller

STATE CONTROLLER'S OFFICE
21st CENTURY PROJECT
P. O. BOX 942850
Sacramento, CA 94250-5878

DATE: July 7, 2006   21st Century Project Letter #06-009

TO: **21st Century Project Department Liaisons**

RE: **BUSINESS PROCESS BLUEPRINT WORKSHOPS**

This letter requests your department's participation in 21st Century Project Business Process Blueprint
Workshops taking place August through December 2006.

The 21st Century Project will provide the State of California with a progressive and comprehensive
integrated Human Resources Management and Payroll system using SAP software.

The project is a joint effort of the State Controller's Office and the administration, with both the
Governor and State Controller supporting the project, and the Department of Finance and the Legislature
providing budgetary approval.

Department Involvement:

To ensure that the new system meets your needs, we are requesting that your department subject matter
experts (SMEs) with specific skill sets participate in Business Process Blueprint Workshops. These
workshops will be completed over the course of four months, starting in mid-August. We expect most
workshops to be conducted in Sacramento.

ACTION ITEM: *As the Department Liaison, we are asking you to communicate this information to the
appropriate approval authority within your department. We anticipate that this will
involve contacting the Chief of Administration or equivalent manager/director of
Human Resources, Budgets, and/or Accounting to provide them this information so
that they can authorize resources for this effort. A separate letter to assist you in
communicating this information to the Chief of Administration has been provided. In
addition, copies should be provided to the director of HR, budgets, and accounting.*

*We request that the appropriate approval authority, or her/his delegate, recommends
qualified people from your department to participate in the various workshops.
Because continuity is important, we expect that the same people may attend several
of the workshops. Your Department may choose to participate in a few or many
workshops depending on your interest and the availability of resources. The
anticipated time commitment will be between two and eight days per person. We
expect that large Departments will nominate more people than small departments.*

*A list of required skills for SMEs is appended to this letter (Appendix I) in addition to
an overview of each workshop (Appendix II). This information is also available on
the 21st Century Web site at http://www.21stcentury.ca.gov/letters/index.shtml .*

Please submit recommendations for SME participation by July 17, 2006 *using the
following web survey form:* http://www.surveymonkey.com/s.asp?u=469582316042 .

Subject Matter Expert Qualifications

SMEs should:
- be empowered to represent the needs of your department
- be well versed in their subject matter area and department business processes
- communicate well and work effectively in a group setting
- have the flexibility in schedule to allow attendance at several workshops within a functional area (participant continuity is important in order for the results of one workshop to be understood and used effectively in the next related workshop)

Business Process Blueprint Workshops

Blueprint Workshops will be the first major step in working with State agencies and departments to implement the new system.

The workshops will:

- provide a forum for SMEs to share their knowledge of department business processes
- give participants an understanding of the capabilities of SAP
- provide a path to configuring the SAP solution to meet the State's business requirements
- culminate in a validated Blueprint that will define the future State design and architecture of the system

Outcomes of the workshops will:

- contain detailed documents outlining how SAP will be used for the State, including: business process flows, functional specifications, and technical requirements
- produce blueprint documents that will be used to guide the implementation of the system

Workshop Format

In order to create and validate the Blueprint, we will need to collaborate with SMEs from departments around the State. During the workshops, we will work with participants to determine how to translate current business processes into business processes supported by SAP. The new SAP system will require changes in current business processes, so it is very important that we work together to make the transition as smooth as possible.

We will conduct workshops in the functional areas of:

- Position Management
- Employment
- Benefits
- Payroll
- Time Reporting/ Leave Accounting

Within each functional area, there will be a number of workshops on related topics. Each workshop will be facilitated by 21st Century Project Team Members. We anticipate that ten to fifteen department participants will attend each workshop. There will be two rounds of workshops, with each round of workshops occurring over a period of approximately two months.

Round 1: **Understanding -** mid-August through mid-October 2006

The first round of workshops will concentrate on understanding department business processes, collecting information, and preparing and presenting business process flows that describe how the new SAP system will work.

Round 2: **Validation -** mid-October through mid-December 2006

In the second round of workshops, the 21st Century Project Team Members will review the future business process flows and procedures with participants to validate their completeness and accuracy.

In addition to the workshops, we will ask participants to validate and complete pre-workshop questionnaires and provide samples of forms, reports, and interface files.

Next Steps

1) Department Liaisons, please share the letter provided with your Chief of Administration and/or equivalent, as well as the head of HR, budgets and accounting.
2) Based on the Chief's decision, the appropriate approval authority should authorize resources for the Business Process Blueprint Workshops.
3) Select SMEs based on the skills listed in Appendix I.
4) Complete and submit recommendations via Web survey form by July 17, 2006.
   The Web survey form is located at: http://www.surveymonkey.com/s.asp?u=469582316042

We will use your SME nominations to create a pool from which we select workshop participants. Depending upon the response to this request, not all people nominated may be chosen to participate in the workshops. Our objective is to select a representative mix of participants from various departments in order to understand and capture the differences in functional requirements across the State departments.

Once we have received your nominations and finalized the workshop schedule, we will send out invitations to participants. These invitations will have more details on the workshops, including logistics, pre-work to be completed before the workshops, and other pertinent information. We are expecting invitations to be sent to participants the week of July 30th. This is contingent on your timely response to this request, which we greatly appreciate.

Thank you for your continued participation in the project. We value your input. If you have any questions about the workshops or the project, please contact Dyanne Talbot at (916) 375-6090 or send an email to 21stcentury@sco.ca.gov.

For more details on the project, please review our recent Stakeholder Meeting presentation available at: http://www.21stcentury.ca.gov/meetings/index.shtml .

Don Scheppmann, Chief, Business Operations
21st Century Project

July 7, 2006

TO: Chiefs of Administration,
        All Civil Service Departments

RE: **21st Century Project – Business Process Blueprint Workshops**

This letter requests your department's participation in Business Process Blueprint Workshops for the 21st Century Project, which are taking place August through December 2006. To be successful, the 21st Century Project will need department Subject Matter Experts (SMEs) with specific skill sets to participate in workshops.

Background

The project is a joint effort of the State Controller's Office and the administration, with both the Governor and State Controller supporting the project, and the Department of Finance and the Legislature providing budgetary approval.

The 21st Century Project will provide the State of California with a progressive and comprehensive integrated Human Resources Management and Payroll system using SAP, proven commercial off-the-shelf software.

Blueprint workshops will be conducted in the functional areas of:

- Position Management
- Employment
- Benefits
- Payroll
- Time Reporting/
  Leave Accounting

The workshops will be conducted to:

- provide a forum for department subject matter experts (SMEs) from Human Resources, Budgets, and Accounting, to share their knowledge of department business processes
- give participants an understanding of the capabilities of SAP
- provide a path to configuring the SAP solution to meet the State's business requirements
- culminate in a validated Blueprint that will define the future State design and architecture of the new Human Resources Management and Payroll system

Benefits of Participation

Participating in the workshops will give your staff a first-hand understanding of what SAP can do for your department, how your department's business practices may change, and an idea of how the future State business processes will work.

ACTION ITEM   *We request that you, or your management team, recommend qualified people from your department to participate in the various workshops. Because continuity is important, we expect that the same people may attend several of the workshops. Your Department may choose to participate in a few or many workshops depending on your interest and the availability of resources. The anticipated time commitment may be between two and eight days per person. We expect that large departments will nominate more people than small departments.*

A list of required skills for SMEs and an overview of each workshop is available on the 21st Century Web site at http://www.21stcentury.ca.gov/letters/index.shtml .

Recommendations for SME participation should be submitted by July 17, 2006 *using the following web survey form:* http://www.surveymonkey.com/s.asp?u=469582316042 *.*

For more details on the project, please review our recent Stakeholder Meeting presentation available at: http://www.21stcentury.ca.gov/meetings/index.shtml . For additional information on blueprint sessions review the following letter: http://www.21stcentury.ca.gov/letters/2006/06009.pdf .

Thank you for your participation, since it is critical to the success of this effort. If you have any questions about the workshops or the project, please contact Dyanne Talbot at (916) 375-6090.

Don Scheppmann, Chief, Business Operations
21st Century Project

APPENDIX - I

QUALIFICATIONS FOR
BUSINESS PROCESS BLUEPRINT WORKSHOP PARTICIPANTS

FUNCTIONAL AREA	QUALIFICATIONS
Position Management	• Personnel responsible for Departmental Position Control process. Should have in-depth working knowledge of Position Control Process including processing Requests for Personnel Action and STD. 607's.
	• Department Classification & Pay Analyst with at least two years of Classification & Pay experience.
	• Departmental Budget, Accounting and Position Control personnel possessing current knowledge and experience of the Fiscal Year End Process such as working with STD 607, FCC, Payroll Header, Schedule 7A and 8.
Employment	• Personnel with extensive knowledge/experience processing all types of personnel/payroll transactions (including CEAs and Exempts).
	• Personnel with extensive knowledge/experience of departmental classification and pay issues (analyzing and classifying positions, gathering and evaluating pay data, preparing class specifications and allocation standards, etc.).
	• Personnel with extensive knowledge/experience (at least 2 years) processing Disability transactions [NDI/SDI & TD/IDL] and, Adverse Actions [initial and after appeal]).
	• Personnel with extensive knowledge/experience with the hands-on processing for benefit eligibility, enrollment, changes, and cancellations (e.g. health, dental, vision, CoBen, flex spending accounts, cash option, basic life, LTD, group legal, pre-tax parking, deferred compensation, TSA, Direct Pay, COBRA).
	• Personnel with extensive knowledge/experience with the hands-on processing for benefits impacted by leaves and retirements (e.g. FMLA, military leave, TD without Supplementation, SDI, benefits carried into retirement, working while disability retired).

QUALIFICATIONS FOR
BUSINESS PROCESS BLUEPRINT WORKSHOP PARTICIPANTS

FUNCTIONAL AREA	QUALIFICATIONS
Benefits	• Personnel with extensive knowledge/experience with the hands-on processing for benefit eligibility, enrollment, changes, and cancellations (e.g. health, dental, vision, CoBen, flex spending accounts, cash option, basic life, LTD, group legal, pre-tax parking, deferred compensation, TSA, Direct Pay, COBRA).
	• Personnel with extensive knowledge/experience with the hands-on processing for benefits impacted by leaves and retirements (e.g. FMLA, military leave, TD without Supplementation, SDI, benefits carried into retirement, working with disability retired).
Timekeeping	• Timekeepers, Attendance Clerks, Liaisons, Personnel Specialists responsible for time recording, approval, and auditing.
	• Personnel specialized in automated timekeeping systems.
	• Personnel who have extensive experience in all state leave benefits.
	• Personnel who have knowledge in the eligibility rules and policies for state service (verification of state service, current processes).
	• Personnel responsible for maintaining/determining employee work schedules.
	• Personnel responsible for determining and processing overtime, including rules and policies.
	• Personnel with experience in dealing with alternate attendance reporting periods based on bargaining unit contracts (e.g., 28-day/bi-weekly/holiday compensation).

(Continued on next page.)

QUALIFICATIONS FOR
BUSINESS PROCESS BLUEPRINT WORKSHOP PARTICIPANTS

FUNCTIONAL AREA	QUALIFICATIONS
Payroll	• Personnel with extensive knowledge/experience processing all types of non-time related payments (e.g., miscellaneous payments, salary advances, cash-outs, fringe benefits, final settlements).
	• Personnel with extensive knowledge/experience processing all types of garnishments (e.g., levy on earnings, child/alimony support, bankruptcy, FTB student loan collections, Board of Equalization for taxes, student loan default).
	• Personnel with extensive knowledge/experience processing all types of deductions (e.g., union dues, voluntary deductions, savings bonds, deferred compensation).
	• Personnel with extensive knowledge/experience processing all types of disabilities (e.g., NDI, SDI, TD, IDL, LC 4800 (CHP), Involuntary Leave).
	• Personnel with extensive knowledge/experience processing all types of year-end documentation (e.g., overpayments, Non-USPS adjustments, lump sum year-end separation, deceased employee data, Non-Resident Alien with Tax Treaty Exemption).

**BUSINESS PROCESS BLUEPRINT WORKSHOPS FOR
ORGANIZATIONAL MANAGEMENT**

FUNCTIONAL AREA	WORKSHOP NAME	TOPICS INCLUDED
Position Management	1. Organizational Management	• SAP Organizational Structure Overview (Managing Organizational Units, Jobs, and Positions) • Creating and Maintaining Organizational Units in SAP • Identification of Required Data Elements • Using the Organizational Structure to Support Workflow for Review and Approval of Documents • Reorganizations
Position Management	2. Job (Classification) Management	• SAP Organizational Structure Overview (Managing Organizational Units, Jobs, and Positions) • Creating and Maintaining Jobs (Classifications) in SAP • Identification of Required Data Elements
Position Management	3. Position Management	• Creating and Maintaining Established Positions in SAP • Creating and Maintaining Blanket Positions in SAP • Understanding Position to Organizational Unit Relationships • Understanding Position to Job (Classification) Relationships • Understanding Position to Employee Relationships • Concurrent Employment • Reorganizations • Identification of Required Data Elements • Timing of Actions in Organizational Management (e.g., Positions should always be created prior to the appointment of employees.) • Roles of Employees who Perform Actions in Organizational Management
Position Management	4. Assignment of Payroll Cost Distribution Attributes to Positions	• Replacement of the Current System Payroll Header • Assignment of Finance Conversion Codes to Positions for Budget Purposes • Fiscal Year Closing: Schedules 7A and 8; Vacant/Abolish Reports

BUSINESS PROCESS BLUEPRINT WORKSHOPS FOR
PERSONNEL ADMINISTRATION

FUNCTIONAL AREA	WORKSHOP NAME	TOPICS INCLUDED
Employment	1. Personnel Actions – Appointments – Employment Actions (New Hires, Rehires, etc.)	• SAP Personnel Actions and Reasons Overview • Initiating the Actions (including forms) • Review and Approval (including workflow) • Validating the Actions (including related rules) • Recording the Actions • Action Notifications • Concurrent Employment
Employment	2. Employee/Employment Attributes	• SAP Employee Data Maintenance Overview • Identification of Required Data Elements • Employee-initiated Changes • Department-initiated Changes • Validation of Changes
Employment	3. Personnel Actions – Appointments – Job Change Actions and Related Organizational Changes (Promotions, Demotions, Transfers, etc.)	• Initiating the Actions (including forms) • Review and Approval (including workflow) • Validating the Actions (including related rules) • Recording the Actions • Action Notifications
Employment	4. Personnel Actions – Separations – Resignations and Terminations (with and without fault)	• Initiating the Actions (including forms) • Review and Approval (including workflow) • Validating the Actions (including related rules) • Recording the Actions • Action Notifications
Employment	5. Personnel Actions – Separations – Retirement and Other	• Initiating the Actions (including forms) • Review and Approval (including workflow) • Validating the Actions (including related rules) • Recording the Actions • Action Notifications
Employment	6. Personnel Actions – Separations – Leaves of Absence and Returns from Leaves of Absence	• Initiating the Actions (including forms) • Review and Approval (including workflow) • Validating the Actions (including related rules) • Recording the Actions • Action Notifications

(Continued on next page.)

FUNCTIONAL AREA	WORKSHOP NAME	TOPICS INCLUDED
Employment	7. Personnel Actions – Disability Actions, Adverse Actions, and Other	• Initiating the Actions (including forms) • Review and Approval (including workflow) • Validating the Actions (including related rules) • Recording the Actions • Action Notifications
Employment	8. Personnel Employment Changes – Salary Changes, Seniority Changes, and Miscellaneous Changes	• Initiating the Changes (including forms) • Review and Approval (including workflow) • Validating the Changes (including related rules) • Recording the Changes • Change Notifications
Employment	9. Employee History	• Identification of Required Data Elements • Changes from Current Procedures

**BUSINESS PROCESS BLUEPRINT WORKSHOPS FOR
BENEFITS**

FUNCTIONAL AREA	WORKSHOP NAME	TOPICS INCLUDED
Benefits	1A. Benefits Plan Design & Admin 1A	• Medical, Dental, Vision
Benefits	1B. Benefits Plan Design & Admin 1B	• Life Insurance, Savings Plans, Flexible Spending Plans
Benefits	1C. Benefits Plan Design & Admin 1C	• Credit Plans, Other Miscellaneous Plans, Waive and/or Opt-Out
Benefits	2. Eligibility Rules & Requirements	• Rules for Bargaining Units; Jobs; Location; Time & Service; Both spouses are state employees; Other
Benefits	3. Benefits Enrollment	• New Hire, Open Enrollment, Life Event, Vesting in BU's
Benefits	4. Terminate Benefits	• Separation, Retirement, Death, Leaves
Benefits	5. Retirement Impacts on Benefits	• Full benefits; Future and partial benefits; Disability Retirement
Benefits	6. Leaves and Impact on Benefits (Part of larger workshop on Leaves)	• Paid, Unpaid, Workers Compensation, Return from Leaves
Benefits	7. Payments for Benefits Outside of Payroll Deduction	• Paying for benefits during unpaid leaves and when the employee returns
Benefits	8. Benefits Remittance to Third Party Vendors	• Method of sending payments and auditing benefit costs
Benefits	9. COBRA Administration	• COBRA requirements
Benefits	10. Verification of Dependents Under Age 23	• Process of tracking, validating dependents who reach the maximum age allowable for benefits
Benefits	11. Family Types and Impact on Benefits	• Types of dependents and eligibility requirements

(Continued on next page.)

BUSINESS PROCESS BLUEPRINT WORKSHOPS FOR
TIME MANAGEMENT

FUNCTIONAL AREA	WORKSHOP NAME	TOPICS INCLUDED
Timekeeping	1. Time Recording/Approval/ Audit Process	• Time recording methods • Time approval process • Time audit process
Timekeeping [Leave Accounting]	2. Leave Benefit	• Eligibility rules and policies • Entitlements • Attendance (e.g., usages, earn, etc.)
Timekeeping [Leave Accounting]	3. State Service	• Eligibility rules and policies • Accrual
Timekeeping	4. Work Schedules	• Work schedules • Eligibility rules and policies • Work schedules management and conventions • Substitutions (shift swaps)
Timekeeping	5. Overtime/Compensating Time-off	• Overtime types • Eligibility rules and policies • Contract vs. FLSA (7k,exemptions to FLSA)
Timekeeping	6. Time Data Processing	• Calendars- Holidays • Integration to Payroll

BUSINESS PROCESS BLUEPRINT WORKSHOPS FOR
PAYROLL

FUNCTIONAL AREA	WORKSHOP NAME	TOPICS INCLUDED
Payroll	1. Non-time Related Payments	• Gross up • Moving expenses • Employee business expenses • Fringe benefits • Cash outs • Buy backs • Salary Advances • Miscellaneous Payments
Payroll	2. Garnishments	• Federal/State tax levy • Child/Alimony support - California • Child/Alimony support – Outside CA • CA child support • Voluntary • Bankruptcy • Creditor
Payroll	3. Deductions	• Union dues • Other voluntary deductions such as United Way • Savings Bonds • Deduction amounts • Pre-deductions • Adjustments
Payroll	4. Disability	• NDI • IDL • TD • LC4800 • Involuntary Leave

Payroll	5. Year-end	• Overpayments
		• Adjustments
		    o Fed/State income tax
		    o Social Security/Medicare/Survivors
		• Lump sum year-end separation (defer tax liability)
		• W2
		• Non-USPS adjustments
		• Non-resident alien with tax treaty exemption
		• Deceased employee earnings to beneficiary
		• Tax reports for Fed and state (CA, IL, NY)
		• Moving expenses/Social Security/Medicare/SDI Tax withholdings
		• A/R – payroll deduction, agency collection, over collected
		• Suspended payments